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BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

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In the Matter of)
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)
MCI TELECOMMUNICATIONS) RM-9108
CORPORATION)
)
Billing and Collection Services)
Provided by Local Exchange)
Carriers for Non-Subscribed)
Interexchange Services)

COMMENTS OF
THE SOUTHERN NEW ENGLAND TELEPHONE COMPANY

The Southern New England Telephone Company (SNET), hereby files its Comments opposing the Petition for Rulemaking filed by MCI Telecommunications Corporation (MCI) on May 19, 1997 in the above-captioned proceeding.¹ In these Comments, SNET argues that MCI's Petition is unwarranted as the issues affecting billing and collection have been previously addressed and resolved by the Federal Communications Commission (Commission) in prior proceedings.² MCI has not presented any factual information regarding any local exchange carriers (LECs) that have terminated

¹ Public Notice released June 25, 1997, DA 97-1328, Rulemaking No. 9108.

² See Report and Order, Billing and Collection Services, (Detariffing Order) released January 29, 1986, FCC 86-31, CC Docket No. 85-88; Second Report and Order, Local Exchange Carrier Validation and Billing Information for Joint Use Calling Cards, (BNA Order) released June 9, 1993, FCC 93-254, CC Docket No. 91-115.

casual billing contracts or agreements; therefore, MCI's Petition must be dismissed.

SNET disagrees that LECs should not be allowed to bill for its own services if it does not bill for unaffiliated providers. SNET recommends that billing and collection services continue to be provided to carriers through contractual arrangements with ILECs and new local providers of service.³ As the provision of these billing services is often very expensive, as discussed herein, LECs should be allowed to recover the costs associated with these services.

I. Introduction

In its Petition, MCI requests the Commission to institute a rulemaking to consider rules governing the provision of billing and collection services provided to interexchange carriers (IXCs) by LECs for billing end-users for non-subscribed services. These services are commonly known as casual billing and will be referred to as such in these Comments.

A rulemaking governing the LECs' provision of casual billing services is unwarranted since the Commission has previously issued rulings on billing and collection services. These rules

³ Consequently, if any rules changes are, in fact, deemed necessary by the Commission, it is imperative that these rules apply to all carriers on a non-discriminatory basis.

have been detailed in the Commission's Detariffing Order and Billing Name and Address (BNA) Order. In the Detariffing Order, the Commission clearly determined that "such billing and collection would not be incidental to any service offered by the local exchange carrier, but would be a service offered to another carrier" ⁴ and that "billing and collection is a financial and administrative service."⁵ The Commission has therefore "detariffed" such services and ordered SNET and other LECs to provide such billing and collection services on a contractual basis. Subsequently, in the BNA Order, the Commission required LECs to provide to interstate common carriers non-discriminatory access to the LEC subscribers' BNA. The Commission determined that access to BNA will enable interstate service providers to seek payment themselves for services provided to the LEC customer.⁶ Therefore, carriers have access to the information necessary to bill for these services without relying on the LEC.

⁴ Detariffing of Billing and Collection Order, 1 FCC Rcd 445 (1986) para. 3., p. 3.

⁵ Detariffing Order, Id., para. 32., p. 22.

⁶ Policies and Rules Concerning Local Exchange Carrier Validation and Billing Information for Joint Use Calling Cards, CC Docket No. 91-115, Second Report and Order, 8 FCC Rcd 4478 (1993) (BNA Order), para. 1.

II. Interexchange Carriers Have Other Billing Options Available to Them.

In the past, IXC's did not have the capability to provide billing and collection services directly to their customers. This is no longer the case. On June 9, 1993, the Commission released its BNA Order⁷ requiring LECs to provide BNA information to IXC's under tariff. The Commission determined that "if interexchange carriers had access to BNA information, then they would be able to bill and collect for their own services."⁸

As a result of the BNA Order, various IXC's have notified SNET, and other LECs, that billing and collection agreements would be voluntarily terminated for direct-dialed interstate toll services. Armed with the LEC BNA information, IXC's now have the capability to bypass the LEC and bill their customers directly for use of their services.

This same direct billing capability also applies to casual billing services. Although the IXC does not have a prearranged business relationship with a customer that utilizes the IXC's services on a casual basis, the LEC does provide to the IXC the necessary BNA information needed for the IXC to bill that customer directly.

⁷ BNA Order, Id.

⁸ BNA Order, Id., para. 1.

Nothing has changed since the Detariffing and BNA Orders that would require the Commission to change the conclusions that were reached in these previous decisions. In light of these decisions, and the fact that there are other options available to the IXCs, there is no need to reopen these issues and promulgate new rules. Therefore, MCI's Petition should be rejected.

III. MCI's Concerns Regarding LEC Terminations of Billing and Collection Agreements or Contracts for Casual Billing is Misplaced.

In its Petition, MCI expresses its concerns with termination of LEC-provided billing and collection services and that these terminations will have a severe impact on the casual billing market and thus the public interest. MCI has failed to provide factual information that any LEC has discontinued or plans to discontinue their casual billing agreements with IXCs. These contentions are merely suppositions and not based on any facts presented in MCI's Petition.

MCI anticipates an increase in unbilled and uncollectible charges if the LECs do, in fact, consider termination of these casual billing agreements. In addition, MCI states that, "MCI and other IXCs will be forced to implement billing and collection surcharges to cover the increased costs of billing and collecting

for non-subscribed services, including the costs of bad debt and fraud."⁹ SNET agrees with MCI that there may be increased costs associated with billing these services. Continued billing for these services through the LECs would resolve these concerns for the IXCs, but the result is that LECs bear the costs of bad debts and fraud.

MCI's concern appears disingenuous in light of the fact that this month, SNET has received calls from MCI customers inquiring about the application of a surcharge on their bills. This surcharge has been applied to the casual bills of SNET customers despite the fact that SNET has not terminated or increased the rate of its billing and collection agreement with MCI, and, at this time, has no plans to do so. The net result is increased margin to MCI at the expense of SNET customers.

MCI has failed to provide any factual information that LECs are planning to terminate their billing and collection contracts or agreements for casual billing. Based on the fact that billing and collection issues have been previously resolved by the Commission, MCI's Petition must be dismissed and billing for these services must continue on a contractual basis.

⁹ MCI Petition, p. 10, para. 3.

VI. Certain IXCs Have Designated Specific Direct-Dialed Toll to be Billed as Casual Billing.

In the last year, SNET has experienced a change in the billing practices for certain IXCs' low-volume toll customers. These IXCs have designated a specific threshold (generally \$30 or less each month) of toll usage by their presubscribed customers to be billed by a billing clearinghouse rather than the IXC itself. These customers are presubscribed to the IXC and utilize its 1+ toll services. As a result of this billing change, the 1+ toll charges are billed to the customer's SNET bill under the logo of the billing clearinghouse rather than the IXC.

There does not appear to be any indication that certain IXCs have provided customers with the proper notification regarding this billing change. As a result, many IXC customers continue to contact SNET each month with questions regarding the billed carrier for their toll charges not recognizing the clearinghouse name and logo. Numerous customers believe that they have been "slammed" (term used for the unauthorized change of a customer's long distance carrier). Many of these customer inquiries have resulted in slamming complaints to either SNET, the Connecticut Department of Utility Control or to the Commission's Consumer Protection Branch.

Customers have also disputed the fact that upon solicitation by the carrier, they had enrolled in various IXCs' calling plans. The IXCs' practice of billing these calls on a casual basis may have resulted in the customer's removal from these calling plans. In addition, these customer's toll calls have been billed at a higher rate due to the casual billing status. In the instant case, MCI's failure to notify their customers of its surcharge has resulted in additional increased costs to SNET, as well as unhappy and confused customers for MCI. The burden for customer notification to MCI's customers must not be placed on SNET, but rather, MCI must step up to its responsibility of notifying their customers of any changes in their billing practices.

V. SNET's Costs Have Increased for Services Associated With Casual Billing.

SNET has witnessed an increase in casual billing within the last year. This increase is representative of numerous customers taking advantage of IXCs' dial-around programs in order to get the best value for their telephone dollars. Similarly, IXCs have taken advantage of utilizing the LECs' billing and collection services as a cost-saving measure.

IXCs are billing more and more of their customers' interstate toll charges to the LEC bills as casual billing simply because it is more cost effective to do so. Besides the obvious

cost saving involved with IXCs not having to render their own bills to these customers, this practice is beneficial to the IXC for several other reasons, 1) customers receive a single bill; 2) LECs have greater success in the collection of these toll charges; and 3) LECs are traditionally the initial point of contact for most customer inquiries or disputes. This billing practice change has subsequently shifted additional costs onto the LECs, and as a result, LECs must have the ability to recover their added costs for providing additional services to the IXCs.

These added costs are due to increased customer contacts to the LECs' business offices with inquiries or disputes concerning the IXC portion of the bill. LECs have also witnessed increases in uncollectibles for non-payment of casual charges, added service rep time for investigations and, if necessary, additional time to recourse disputed calls back to the IXC. In addition, from the volume of customer inquiries received in the LEC business offices, it does not appear that certain IXCs have an effective customer education program in place that addresses the billing of their service charge messages. Therefore, LECs have been forced to inform and educate the IXCs' customers on a call-by-call basis.

As a result, LECs must be allowed to recover their costs involved with work performed on the IXCs' behalf. This month alone, SNET has witnessed an increase in customer inquiries as a result of MCI's application of their aforementioned "surcharge" on casual billed charges. These additional inquiries have required service reps to take time to explain the application of the surcharge to the customer laterally on behalf of MCI. The responsibility for customer education for changes in their billing practices belongs with MCI and other IXCs and not with the LECs.

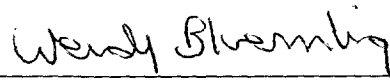
VI. Conclusion

MCI has failed to provide any factual information regarding any LECs terminating their casual contracts or agreements. IXCs have the ability to bill and collect for their services either through their own billing systems or through a billing clearinghouse; therefore, MCI's Petition is unwarranted and should be dismissed. SNET disagrees that LECs should not be allowed to bill for its own services if it does not bill for unaffiliated providers. SNET recommends that billing and collection continue to be provided through contractual arrangements with ILECs and new local providers of service.

As the provision of these billing services is often expensive, as discussed herein, LECs should be allowed to recover the costs associated with these services.

Respectfully submitted,

THE SOUTHERN NEW ENGLAND
TELEPHONE COMPANY

A handwritten signature in cursive script, reading "Wendy Bluemling", positioned above a horizontal line.

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